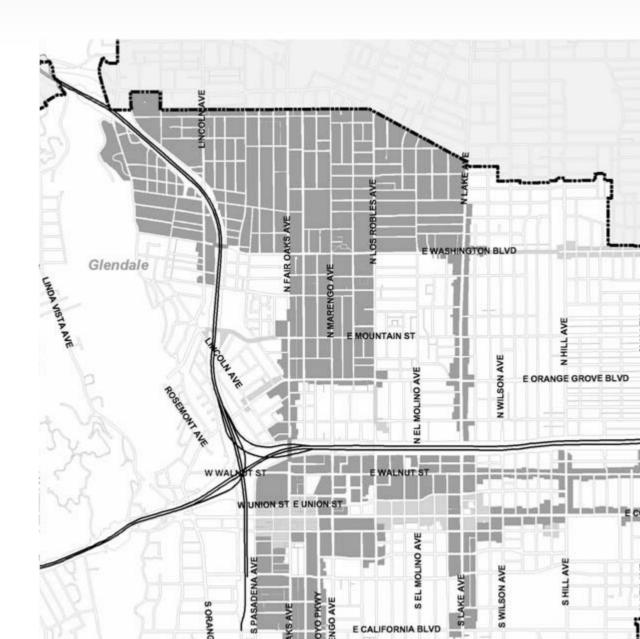
Pasadena Enterprise Zone Annual Report Fiscal Year 2009 / 2010





I. Enterprise Zone Program Overview

The Pasadena Enterprise Zone Program is a State of California Economic Development designation that stimulates business and industrial growth in depressed areas of the State by relaxing regulatory controls that impede private investment through tax incentives offered at the State level. Each 15-year Enterprise Zone designation is competitively awarded to any city or county that submits an application to the State that demonstrates the more appropriate, innovative, and comprehensive regulatory tax program, and other incentives in attracting private sector investment to that Enterprise Zone. The City of Pasadena was first awarded an Enterprise Zone designation on April 10, 1992, which expired on April 9, 2007. Pasadena successfully applied for and became the fifth city to receive a new Enterprise Zone designation on April 10, 2007, which covers 1,982 acres or 90% of the commercially and industrially zoned Pasadena properties.

Overall the City of Pasadena has a commitment to continuously market the Enterprise Zone Program to Pasadena companies, monitor the application of the local incentives to companies located within the Enterprise Zone Business Development Area (EZBDA) and Enterprise Zone Technology Development Area (EZTDA), and engage in business retention and attraction activities within the Zone. The following annual report summarizes the progress and accomplishments of the Pasadena Enterprise Zone for Fiscal Year 2009 /2010.

II. Legislative Impacts

The Enterprise Zone had faced two potential program destroying legislative bills (AB 35 and AB 1139) during the last fiscal year. Both bills did not pass out of the State Assembly, however with the new fiscal year, the Program again had to increase its lobbying efforts to oppose legislation from the State Assembly. Senate Bill 974, which was introduced by Senator Steinberg, sought to eliminate the Targeted Employment Area criteria from the Hiring Credit Program, impose a 28-day deadline submittal for Hiring Credit applications, and eliminate retroactive vouchering.

With lobbying efforts from the Pasadena City Manager's Office, California Association of Enterprise Zones (CAEZ), key stakeholders throughout California and with a successful letter writing campaign, this bill did not pass out of the Jobs, Economic Development, and Economy Committee. It's anticipated that the Enterprise Zone Program continue to face scrutiny and opposition in Fiscal Year 2010 / 2011. The Pasadena Enterprise Zone will continue to stay involved with CAEZ and work with City lobbyists in maintaining the vitality of the Program.

III. State Tax Incentives

The Enterprise Zone Program offers five various state tax incentives to qualified companies. The main incentive that requires City administration is the Hiring Credit Program. Through this Program, a company can receive a five-year State tax credit, potentially up to \$37,000, for each employee that meets one of the twelve qualifying program criteria. To receive this credit, companies must submit an application to the City for review, processing, and obtain a Hiring Credit Voucher Certificate. Below is a summary of data collected through the application process:

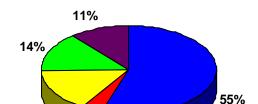
- 271 Pasadena companies utilized the Hiring Credit Program; 145 or 54% of those companies were first time users of the Hiring Credit Program;
- The Pasadena Enterprise Zone processed 1,784 voucher applications; which is a 13.8% increase in voucher applications processed from Fiscal Year 2009 / 2010. Also, the Pasadena Enterprise Zone reached and surpassed its goal of reaching a 5% increase in the vouchers issued.
- Of the 1,784 vouchers processed, 410 were newly created positions and 1,374 were previously created positions; and

The Enterprise Zone generated \$181,968 from voucher fees¹

A. Employment Positions

Of the 1,784 Hiring Credit Vouchers Issued, the average wage per hour was \$12.72. Of the types of positions filled by Hiring Credit eligible employees, the positions by type are as follows:

Position by Type	Percent
Clerical / Sales / Customer Service	55%
Management	4%
Production / Manufacturing	16%
Restaurant	14%
Technical / Medical	11%



16%

4%

Employment Positions

B. Local Hiring

Although the Enterprise Zone Program does not require employers to hire local residents, the Pasadena database is able to tract how many are hired from the Pasadena area.

Pasadena Zip Code	Percent
91101	16%
91103	38%
91104	36%
91105	0%
91106	8%
91107	2%

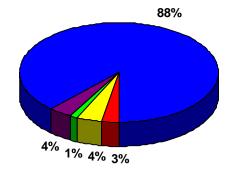


C. Qualifying Criteria

To qualify for a Hiring Credit Voucher the employee must meet one of the twelve qualifying program criteria 90 days prior to their date of hire with an Enterprise Zone Company. The twelve qualifying program criteria have been identified by the State as causing a barrier to employment for job seekers. The Enterprise Zone has issued 1,784 vouchers based on five of the qualifying criteria, which are as follows:

Enterprise Zone Qualifying Criteria

Enterprise Zone Criteria	Percent
Targeted Employment Area	88%
Ex-Offender	4%
Work Opportunity Tax Credit	3%
Economic Disadvantaged	4%
Dislocated Worker	1%



In Pasadena, the largest category used to qualify an individual is through the Targeted Employment Area (TEA). Each City with an Enterprise Zone has a set of qualified census tracts that have at least 51% of its residents of low to moderate income levels. The 88% figure comprises individuals that not only live within the Pasadena TEA, but also in other Enterprise Zone jurisdiction's TEA's.

¹ Pasadena charges \$102 to process each Enterprise Zone application. Of this \$10 goes to the State Department of Housing and Community Development and \$92 is deposited into the General Fund.

IV. Local Incentives

As part of the commitment to the State to promote economic stability and promote development, the City of Pasadena offers permit fee waivers to all commercial and industrial businesses located within the Enterprise Zone Business Development Area (EZBDA) and to Research and Development companies located in the Enterprise Zone Technology Development Area (EZTDA). On a weekly basis, the Enterprise Zone Office monitors the permit fees issued to all businesses within both the EZBDA and EZTDA areas. **Based on the monitoring, the Enterprise Zone waived \$158,590 in building and planning permit fees.**

With the business license fee, the Enterprise Zone waives the license fee for any commercial or industrial tenant within the EZBDA and any Research and Development tenant within the EZTDA. Property owners and home-based businesses cannot take advantage of this fee waiver. On a monthly basis the Enterprise Zone receives a report from Business License that reports how many business licenses have been waived. *The Enterprise Zone waived \$435,321 for 1,745 businesses; or 4% of the total business license fees charged within the Enterprise Zone boundaries for Fiscal Year 2009 / 2010.*²

V. Business Retention and Attraction Activities

The Enterprise Zone Office organizes, participates, and meets with businesses and program partners on a continuous basis. Below is a summary of business retention and attraction activities for Fiscal Year 2009 / 2010:

- Enterprise Zone Inquiry Phone Calls: 240 total; average 20 per month;
- Enterprise Zone One-On-One Business Meetings: 100 total; average 8 meetings per month;
- The Enterprise Zone conducted three (3) business outreach Meet & Greets for the Southwest business corridor of Pasadena (Arroyo Parkway and Fair Oaks), Walnut Street and Colorado Boulevard. The Meet & Greet model is a door-to-door outreach tool that connects business owners with city program information and gives an opportunity for Council Field Representatives to "walk the beat" with City Staff and speak with business owners. *Outreached to 676 businesses*;
- The Enterprise Zone participated and spoke at nine (9) workshops and seminars to market
 the Enterprise Zone program and promote the usage among Pasadena business owners. In
 conducting these workshops, the Enterprise Zone partnered with the Pasadena Chamber of
 Commerce, Economic Development, Foothill Employment Training Connection, and various
 resource partners that have a working knowledge of the Enterprise Zone Program.
 Outreached to 192 businesses; and
- As an additional service, the Enterprise Zone can also conduct on-site employees screening for Enterprise Zone companies to determine how many employees qualify for a hiring credit. The Enterprise Zone conducted five (5) on-site employee screenings for Pho Cycle, State Farm, Pasadena Highlands, Flow Science and Avanti Cafe. Screenings resulting in 13 Hiring Credit Voucher Certificates issued.

² Comparing the Pasadena Enterprise Zone Annual Report for Fiscal Year 2008/2009, the business license waiver figure included records that were waived for other reasons other than through the Enterprise Zone. The figure represented in this Fiscal Year 2009/2010 Annual Report is an extrapolation of records believed to have been waived through the Enterprise Zone.

VI. Company and Program Highlights

A. Bonnie's B Smokin Barbeque

This woman-owned / minority-owned, start-up catering restaurant approached the Pasadena Enterprise Zone to assist them in locating lease space for their business. In September 2009, the Enterprise Zone was able to locate a 1,400 square foot Enterprise Zone location that would yield permit fee waivers through the City's Planning and Development Department and Business License Department. Scheduled to open in December 2009, Bonnie's B was able to save through Pasadena's Enterprise Zone local incentives and will begin to take advantage of the State tax incentives. Jobs attracted = 2; Fees Waived = \$4,679.

B. Storefront Improvement Program

The property located at 1280, 1282, and 1284 North Lake Avenue, became the second participant



in the City's Storefront Improvement Program that provides matching grants to improve building facades. The project began in October 2009 and finished in June 2010. Built in 1947, the exterior of the building underwent extensive restoration improvements including new storefront doors, windows, exterior lighting, terrazzo floor repair, and paint. A projecting metal canopy, the signature of the Streamline Moderne building was also restored including the stainless steel edge detail and neon tube lighting that surrounds the perimeter of the canopy.

Before

After

The project received a node of support from the North Lake Village Working Group; a Committee of the Pasadena Neighborhood Coalition, representing neighborhood associations citywide, stating that they are "...delighted to see the restoration of the storefronts and



congratulate the city for its attention to historic detail in the oversight of this project." In addition, the project



After

received a historic preservation award from the Pasadena Historic Preservation Commission that recognizes excellent examples of preservation, rehabilitation and restoration in preserving a community's shared architectural heritage.

C. Youth Development Programs

i. Entrepreneurial Training Courses

In striving to bring educational experiences to Pasadena youth, the Enterprise Zone Program, under the Northwest Programs Division organized and developed its first annual Business Entrepreneurial Course for Pasadena youth participating in the Northwest Ambassador Program and the Lemonade Brigade.

The goals of the program are to: (1) explain what is an entrepreneur and how to start a business, (2) learn



Judging Panel: (from left to right bottom) Melissa Alva, Kardia Pinckney, Lola Osborne, Karen Carr-Crawford. (from left to right top) Ishmael Trone and Armando Jamjian.



Participating students

basic financial and marketing techniques to operate a business (3) develop a business plan and (4) work within teams to develop teamwork building skills. This six session course was attended by 20 students which formed into four teams to develop a business plan around their project and present their business ideas to a judging panel. First, second and third place winners received gift certificates to Target.

ii. Summer Youth Internship Program

The Pasadena Enterprise Zone, under the Northwest Programs Division, partnered with Ideal Youth Inc., a Pasadena non-profit, to organize the first annual Summer Youth Internship Program where Pasadena youth are placed with Pasadena employers to expand their workplace skills and development. Employers were encouraged to offer paid or non-paid summer internships for high school students or college freshman between the ages of 16 and 21. Those students that entered into non-paid internships received stipends from the Program to assist with any financial hardships from their placement.

Prior to their placement with their employers, the students received training on various computer programs, understanding personal benefit and financial statements, and workplace behavior. The internships covered a three month period and upon completion of the program participants received donated laptops from JPL. In total 21 students participated in this program.

D. Enterprise Zone Commercial

During the Summer of 2009 the Pasadena Enterprise Zone partnered with Crown City News, a local Pasadena media production company, and with student assistants from the Ambassador Youth Program, the Enterprise Zone produced a 30 second commercial and a 2 minute promotional video showing "What the Pasadena Enterprise Zone Has To Offer."

Tami Devine, the News Director and Anchor of Crown City News stated that "...we at Crown City Media were happy to partner with the City to create a commercial and promotional video that will get the word out to others who may not yet be aware of the program. Pasadena's Enterprise Zone program has helped many, many businesses in town get much needed tax relief."

The commercial is currently showing on CCN - Crown City News on Mondays at 6am and 6pm and Wednesdays at 2:30am and 2:30pm on Channel 32, and online at www.crowncitynews.com. Additionally, the commercial will show daily at the City of Pasadena Permit Center (175 N. Garfield, Pasadena, CA 91101) on the public lobby display screen.

VII. Fiscal Year 2009 / 2010 Outlook

The Enterprise Zone will continue to market and promote the usage of this State Program and uphold the obligations outlined in the Enterprise Zone Application. In addition to the State obligations the Enterprise Zone will:

- Monitor State legislation that may affect the Enterprise Zone and proactively elicit support from the Pasadena business community to support the Enterprise Zone Program;
- Continue to outreach to major and minor business corridors within the Enterprise Zone through the Meet and Greet model, geographically targeted training seminars, and industry specific seminars; and
- Increase the number of Hiring Credit Voucher Certificates issued by 10%.



Pasadena Enterprise Zone 100 North Garfield Avenue, S-116 Pasadena, CA 91101